

Washington, D.C. Congressman Sanford D. Bishop, Jr. announced today that the House of Representatives has approved its Fiscal Year 2008 budget resolution. Congressman Bishop supported the legislation, which was approved by the House of Representatives by a vote of 216 to 210.

“Without raising a single penny in new taxes, we have created a responsible, disciplined budget that puts America on the path to erasing the deficit by 2012. Unfortunately, we cannot immediately undo the six years of irresponsible Republican spending and reckless fiscal mismanagement. With today’s vote, however, we have made the important next step in moving the country toward balancing the budget.”

“Also, I am especially pleased with this budget not just because it raises no new taxes, but because it stands in stark contrast to the budget proposed by the President, which under funded critical areas like veteran’s health, education, and Gulf Coast Recovery. By demanding fiscal discipline and cutting wasteful spending, the Democrats have fully funded the areas that truly matter -- maintaining a strong national defense, strengthening the nation’s farm economy, providing health care for our children, accommodating tax cuts for working families, responding to the needs of the Gulf Coast, and caring for our veterans.”

In addition to the tax cuts for working families and contrary to Republican claims that the new budget raises taxes, the Democrat’s budget resolution maintains President Bush’s 2001 and 2003 tax cuts through their statutory end date of 2010. Future budgets will also allow for the extension of these and other tax cuts with the simple stipulation that they be offset in the budget. That is, that all new tax cuts and all new programs must be paid for in the budget.

This offset principle comes at the urging of the fiscally conservative Blue Dog Coalition of which Congressman Bishop is a member. Called “pay-as-you-go” (PAYGO), it requires that any increases in entitlement spending or tax cuts be offset by cuts in other entitlement spending or by increased revenue. PAYGO, revives a rule which proved instrumental in changing the large budget deficits of the early 1990s into the projected ten-year budget surplus of \$5.6 trillion in 2001. It is the Democrats’ goal that PAYGO will help shrink the current budget deficit of \$3 trillion. In fact, the House budget projects a \$153 billion surplus in Fiscal Year 2012.

For the provisions in the House budget resolution to become final, it must be reconciled with the Senate version in a conference committee. The conference committee will take up the bill after the Easter break.

The following is a more detailed breakdown of the House budget resolution both in terms of what it means for Georgians and how it compares to the President’s budget:

Georgia:

Defense and Veterans:

* The largest veterans’ budget increase in American history – \$3.5 billion more this year (\$32 billion over the next five years) for veterans’ health care than the President’s budget. These

additional resources are needed to provide excellent health care for new veterans, repair VA health care facilities, make needed investments in veterans' mental health care and traumatic brain injury, and speed up and improve the accuracy of disability claims processing. These improvements are needed to ensure that the 760,324 veterans in Georgia receive care worthy of their sacrifice. It is also critical for the 38,304 brave Georgians, who have served their country in Afghanistan and Iraq since September 2001, [Veterans Administration, 9/04; Department of Defense, 2/07].

Agriculture:

- * The budget includes \$5.8 billion for discretionary agriculture programs including loans to food and fiber producers, export assistance, market information, inspection services, and agricultural research.

Families and the Economy:

- * Sets up a reserve fund for a long-term fix for the alternative minimum tax (AMT). In 2004, 73,000 Georgia families were subject to the AMT – and if nothing is done to fix the system, an estimated 534,000 families here in Georgia will be subject to the AMT in 2007 [CRS, 6/06].

- * Small businesses employ nearly half of all workers and create three out four new jobs in America. In Georgia, there are 813,100 small businesses that serve as the engine of the economy [SBA, 2006].

- * To spur economic growth and support small businesses here in Georgia, the House budget rejects the President's proposal to cut the Small Business Administration by 26 percent from last year's request and 56 percent from 2001.

- * Rejects the President's cuts that eliminate \$87,892,000 in funding for job training and employment services in Georgia [FFIS, 2/07].

Children and Education:

- * Helps the 293,750 Georgia children without insurance by increasing funding for State Children's Health Insurance Program (SCHIP) [Kaiser State Health Facts, 2005].

- * Rejects the Administration's proposal to cut Medicare funding by \$709,586,851 for Georgia hospitals, skilled nursing facilities and home health care providers [American Hospital Association, 2/07].

- * Provides more funding for Georgia's 1,530,700 children enrolled in public elementary, middle and high schools [Department of Education, 8/05].

- * Increases resources for No Child Left Behind, special education and Head Start.

Democratic budget proposal vs. President's budget proposal:

Overview: The President's Budget Contains the Same Wrong Priorities of the Past Six Years. The President's Budget Increases Taxes, is Fiscally Reckless and Morally Irresponsible, Slashing Funding for Key Priorities. Meanwhile, the Democratic Budget is a Step in a New Direction for America. The Democratic Budget Lowers Taxes for the Middle Class, Restores Fiscal Discipline and Accountability while Funding Key Priorities.

> The President's Budget Continues with More of the Same Wrong Priorities of the Past Six Years -- the same fiscal irresponsibility and misplaced priorities. It takes our country in the wrong direction.

o President's Budget Increases Taxes — The President's budget includes a number of tax increases including \$81 billion in new taxes over the next five years in the form of new user fees for veterans, seniors, and other taxpayers, and the President's health care tax proposal that would raise taxes by more than \$300 billion over ten years.

o President's Budget is Fiscally Reckless — The President's fiscal recklessness is a tax on our future, creating a deficit in 2007 that is likely to reach \$244 billion. The President's budget creates trillions in new deficits over the next 10 years, squandering nearly \$2 trillion on tax breaks for the wealthy and increasing the national debt by \$2.5 trillion over five years. The President claims that his budget is in balance by 2012, but that is only because he leaves out enormous costs from his budget, including the five-year costs of fixing the Alternative Minimum Tax and the full costs for the Iraqi war.

o President's Budget is Morally Irresponsible — The President's budget continues to shortchange veterans' health care, cutting veterans' health care by \$3.5 billion over five years while imposing new fees on veterans totaling \$4.9 billion over ten years. The President's budget slashes Medicare and Medicaid by about \$300 billion over the next ten years – with legislative and regulatory Medicaid cuts totaling about \$50 billion and Medicare cuts totaling \$252 billion. Appropriations for education programs are cut more deeply for each of the next three years, cutting 2010 funding by \$3.1 billion below the FY 2006 enacted level. Pell Grants are increased, but at the cost of recalling all Perkins Loan funds and eliminating nine other higher education assistance programs. The President's Budget continues to ignore the needs of the Gulf Coast Region. His Budget includes no additional funds for recovery efforts and cut the public housing capital fund, which is a key source of funding for repairs to New Orleans public housing.

> The Democratic Budget is a Step in a New Direction for America. The Democratic Budget Lowers Taxes for the Middle Class, Restores Fiscal Discipline and Accountability, while at the Same Time Funding Key Priorities.

o The Democratic Budget Lowers Taxes for the Middle Class.

* DOES NOT increase— Republicans repeatedly and incorrectly claim that the Democratic budget includes the largest tax increase in American history. The statement is simply false –

the Democratic budget does not raise a single penny of taxes, period. The only difference between Democrats and Republicans on middle-income tax cuts is that the Democratic budget requires that they be paid for--consistent with the House PAYGO rule.

* **Lowers Taxes for Middle Class Families** — The Democratic budget explicitly provides for middle-income tax cuts, including the marriage penalty, child tax credit, the 10 percent bracket and the deduction for state and local sales taxes. (See Section 203). The Democratic budget leaves in place all of the 2001 and 2003 tax cuts until they expire, and then provides a reserve fund for the extension of the tax cuts consistent with the House Pay-As-You-Go rule.

* **Fixes the Tax Code for Middle-Income Americans** — The House budget provides immediate relief for the 23 million middle class families who would otherwise be subject to the Alternative Minimum Tax (AMT) while supporting the efforts of the Committee on Ways and Means to achieve permanent, revenue-neutral AMT reform. (See section 202 of the budget.) Unless the AMT is reformed, 19 million additional families will have to pay higher taxes in 2007. The number of taxpayers that will be affected by the alternative minimum tax (AMT) will rise to more than 30 million in 2010, with taxpayers, on average, owing nearly \$4,000 in taxes. Not fixing the AMT could translate into a \$300 billion tax increase on middle-income families over five years.

o **The Democratic Budget Restores Fiscal Discipline and Accountability.**

* **Lowers Deficit, Reimposes Pay-As-You-Go Rules, Cuts Down on Wasteful Spending** — The deficit is lower in FY 2008 and \$234 billion lower over the next 5 years compared to the President, and gets to balance by 2012. Our Budget re-imposes the pay-as-you-go rules, which require that spending increases and tax cuts to be paid for, and which brought us to budget surpluses in 1990s. Reinvigorates efforts to eliminate wasteful spending and improve government efficiency – in Social Security, Medicare, as well the Defense Department.

o **Funds Key Priorities.**

* **Meets Our Obligations to Veterans** — Provides for the largest veterans' budget increase in American history, \$3.5 billion more this year (\$32 billion more over the next five years) than the President. This will provide excellent health care for all veterans, address VA health care's repair and maintenance backlog, make needed investments in veterans' mental health care and traumatic brain injury, and speed up and improve the accuracy of disability claims processing. A number of veterans' service organizations have offered support for the budget proposal, including The American Legion, Vietnam Veterans of America, Iraq and Afghanistan Veterans of America, Veterans of Foreign Wars and Disabled American Veterans.

* **Addresses Problem of Children Without Health Insurance** — There are nine million children without health insurance even though nearly six million of them are eligible for Medicaid or the State Children's Health Insurance Program (SCHIP). The budget includes a deficit-neutral reserve fund to provide up to \$50 billion in additional resources to improve children's health – enough to insure millions of eligible children and reduce the number of uninsured children over the next five years. According to CBO estimates, the President's budget would actually do the opposite and would result in fewer children and pregnant women receiving coverage than

currently do.

* Invests in Education — At a time when more than 10 percent of students drop out of high school before graduating and only four out of ten children eligible for Head Start are able to participate, the budget reverses the Administration's policy of under-investing in education for our children. The budget rejects the President's proposal to cut funding for the Department of Education by \$1.5 billion below the 2007 enacted level and eliminate 44 different programs, and provides for substantial new investments to increase funding for vital programs such as Head Start, special education (IDEA), Title I and other programs under the No Child Left Behind Act. The Budget also provides for funding the increase in Pell Grants so that high school students know that if they work hard, they can go to college.

* Responds to the Needs of the Gulf Coast Region — The Majority Budget Responds to Ongoing Recovery Needs in Gulf Coast Region by Creating a Reserve Fund of 3.4 Billion Dollars and Providing an additional 1 Billion Dollars That Could be Used to Meet Urgent Recovery Needs.